

figure also what is its invested capital, its operating costs and overhead expenses generally, and its volume of business. Profiteering has no defence. In our efforts to stop any such tendency, however, we must not forget that capital has the right to be paid an honest profit for the service it performs, as much as the wage-earner has the right to purchase foodstuffs at a price uninflated by undue profits.

FAIR TREATMENT OF CAPITAL

The recent statement of Mr. Alfred W. Smithers, chairman of the Grand Trunk Railway, is a plea for fair treatment which the Canadian government cannot afford to ignore. For sixty-five years the Grand Trunk Railway has served Canada and has received only \$28,000,000 assistance from the government, of which about \$12,000,000 represents bonuses given by municipalities to aid the construction of lines subsequently acquired by the Grand Trunk and of which that company really never got the benefit. This compares with the grand total of \$759,000,000 of assistance, according to the majority report of the Railroad Inquiry Commission, to the Canadian Pacific, Canadian Northern and Grand Trunk Pacific Railways.

The Drayton-Acworth report proposes that in consideration of the Grand Trunk Pacific being taken over by the government, the old Grand Trunk, as one of the parties to the construction of the Grand Trunk Pacific, should be surrendered to the government on terms amounting to the semi-confiscation of the rights of British stockholders. "In other words," says Mr. Smithers, "they suggest that the railway which out of its own resources has rendered far more service to Canada than any other railway, should be the only railway to be treated in this unjust way, a way certainly unprecedented in the history of Canada."

In the 65 years of the company's existence it has never defaulted on its fixed charges, notwithstanding that in that period a great number of the American railways have several times been in bankruptcy, and that in 1895 when the present board took office, nearly half of the American roads were then in the hands of receivers; it has maintained its standing on the London market, thus being able to finance on its own credit the many and various requirements demanded by the people of Canada. That the credit of the Grand Trunk Company stands high in the London market may be gathered from the fact that it was able, with the consent of the British Treasury, to raise in June, 1915, in the midst of war, on unaided Grand Trunk credit, the sum of twelve million five hundred thousand dollars in five hours, and that, on the day on which that operation was carried out, the Germans were

bombarding Scarborough on the Yorkshire coast, and telegraphic communication was stopped for several hours between London and the North of England. With regard to the criticism as to undue payment of dividends, Mr. Smithers reminds us that the Grand Trunk common stock, of which over \$30,000,000 represents actual cash, has never received a dividend, and its preference stocks have only had their dividends paid intermittently from year to year, as the earnings justified. Whatever action parliament takes upon the railroad inquiry report, they cannot afford to treat unfairly the capital which has been placed in Canadian railroads. We need much more capital from London and New York for our future development.

MANITOBA FARM LOANS SCHEME

In the discussion in these columns regarding the Manitoba farm loans scheme, a statement prepared by Mr. W. C. Alderson, and reprinted from The Manitoba Free Press, indicated that the provincial government would obtain "return from annuity, \$1,667.94." Mr. Alderson assumes that after paying interest on the principal of \$1,000 the Farm Loan Association would have left on its hands \$22.65, part of a total payment per annum of \$72.65. He overlooks the fact that after paying \$50 interest and taking care of expenses at the rate of 1 per cent. on the principal, which amounts to \$10, only \$12.65 would be available for sinking fund purposes, to retire the principal at the end of 30 years. The sum of \$12.65 reinvested annually and compounded at 6 per cent, would, in 30 years, provide \$1,000, the amount of principal to be repaid. The following table summarizes these figures:

Loan, \$1,000. To be Repaid in 30 Annual Instalments of \$72.65 Each: Interest at 6 Per Cent.

Received from borrower, 30 x \$72.65 \$2,179.50
Government applies this as under—

For expenses ... \$10.00 x 30 = \$ 300.00

For interest 50.00 x 30 = 1,500.00

For reinvestment 12.65 x 30 = 379.50

..... \$2,179.50

\$72.65

Sinking fund, 30 x \$12.65, compounded @ 6% \$1,000.00
Principal repaid at end of 30 years 1,000.00

In the above statement, it will be noted that expenses, \$10 per year, amount to \$300, which is the only sum available out of which it is possible to make a profit. The rest of the moneys received from the borrower must be applied as interest or as sinking fund. "The goodly profit" which Mr. Alderson calculates, therefore, seems to be an impossibility.

BOND ISSUES AWARDED

Halton County, Ont.—Messrs. Macdonald, Bullock and Company have purchased \$74,000 5 per cent. 20-year good roads bonds.

Prescott and Russell County, Ont.—Messrs. A. E. Ames and Company, Toronto, have purchased \$50,000 6 per cent. 20-year good roads bonds.

Essex County, Ont.—A purchase of \$60,000 5½ per cent. 10-year bonds for patriotic purposes has been made by Messrs. Macneill and Young, Toronto.

Lindsay, Ont.—An issue of \$60,000 6 per cent. 20-year waterworks bonds has been purchased by Messrs. W. A. Macenzie and Company, Toronto.

Burlington, Ont.—An issue of \$45,000 6 per cent. 30-year local improvement bonds has been purchased by Messrs. A. E. Ames and Company, Toronto.

Mimico, Ont.—Messrs. C. H. Burgess and Company, Toronto, have purchased \$97,000 6 per cent. 30-year waterworks and sewer bonds. The price paid was 98.

Sudbury, Ont.—An issue of \$30,000 5 per cent. 12-years good roads bonds has been purchased by negotiation, by Messrs. Macdonald, Bullock and Company, Toronto.

New Toronto, Ont.—Messrs. C. H. Burgess and Company, Toronto, have purchased \$15,000 5½ per cent. 10-year incinerator plant bonds and \$25,000 5½ per cent. 20-year school bonds. The price paid for these issues was 94. Another \$50,000 6 per cent. 20-year waterworks bonds issue will shortly be offered by the municipality.